

HEBER CREEPER BOARD OF DIRECTORS

Minutes

November 29, 1972

The Board of Directors met at the Ashton Oil and Transportation office at 5:00 P.M. on Wednesday, November 29, 1972. Those present were: Wesley R. Budd, Ed McLaughlin, W. E. Sweeney, Dennis Spendlove, Dr. J. D. Boggess, Del Wallengren, Gordon Mendenhall, C. H. Nielson, Dr. R. Raymond Green, James Ritchie, James G. Berry and J. R. Edwards. President Lowe Ashton conducted the meeting.

Dr. J. D. Boggess made the motion that the minutes of the previous meeting held on October 5th be approved. The motion was seconded by Wesley R. Budd
ALL APPROVE.

Dennis Spendlove gave a progress report on the engine house. The building that is being constructed is a galvanized Butler building 60 x 90 x 20. The cost of the building is \$15,900.00 and the foundation \$3,500.00. The cement work will begin 11-30-72 and should be completed in 2 weeks. The building is due to arrive on December 15 and should take about 3 weeks to construct. The costs include all shipping charges and construction costs.

W. E. Sweeney made the motion that approximately \$3,000.00 additional money be budgeted to the engine house facility to cover costs. The motion was seconded by Del Wallengren. ALL APPROVE.

The two tank cars and large steam crane have been shipped to Heber City and are at present at the terminal facility.

Lowe Ashton gave a summary of the 1972 season, concentrating on why it was disappointing. 1). The income was not adequate: May, June and the first part of July did not produce what had been projected. The Company was probably overly safety conscious because of the tragedy last year and may have hired too many stewardesses, but the stewardess expense is negligible (only less than 5%) when compared to the total operating costs. 2). The \$165,000.00 borrowed money came just as we were ready to open; not giving the Company the time to do needed track work and repair and restoration on the engines. The \$165,000.00 was the maximum the Company feels safe to repay, not the maximum needed. 3). Advertising: Prior to our opening we did not do hardly any advertising. The first part of the season the Chamber signs and the signs on the trestle and overpass in the Canyon and on Heber's Main Street were not erected. There were spot radio ads and a daily ad in the Tribune and Deseret News. In August, when the train was running at capacity, the advertising budget was increased to 12% of sales, and the signs had been erected, all contributing to make the month of August so great. 4). We simply did not know what to expect from a full season operation. The partial season last year did not give us the experience and know how of running the Company.

We have found that based on the same type of concept as last season, we cannot operate cheaper next season than we did this past one. The expenses of running this type of an operation are more fixed than variable.

We need money. We have to show a cash flow in order to make the entire operation more attractive. We have a number of choices which include:
a) go like last year, b) sell out cheap, c) find a bigger buyer
d) change concept and try to make more attractive 3) Go-for-Broke concept, dual runs.

Written material explaining the dual run concept in detail was handed out to each board member and a copy is attached to the minutes. In essence the dual run concept is running two trains simultaneously. One train would originate at the Falls and the other at the Depot in Heber City. They would meet at the Dam and those persons who purchased full round trip tickets would disembark and board the other train. Those who purchased short trip tickets would remain on board and return to their place of origin. The full round trip passengers would complete the run to Heber City or the Falls and return on the next train going back, again meeting at the Dam.

This concept gives the patron the option for a long ride or a short ride with the option of fare. A review of the 1972 season Comment Sheets indicated that: longer stay at Falls was # 1 complaint, ride too long # 2 and too expensive # 3. The new concept would provide a partial adjustment to all those comments. However, it must be emphasized that a far greater percent of people said "Leave it like it is", so a change in concept has risk.

From a maintenance standpoint, the Shay or the 2-6-2 would be used on the Canyon train. They are both designed for this type of terrain. The lighter, open air cars would be used. This concept is putting the lightest equipment on the poorest track, thus reducing wear and tear on the equipment. The regular heavy train would not have to go down the canyon and would be running only on the level.

This entire concept will have to be presented to the Bridal Veil Falls people. They must be sold entirely on the idea in order for us to develop it properly. There is still the problem of the parking facilities. We must have room for parking 30 cars - 100 people. Byron Cheever, Jim Berry and Gordon Mendenhall are researching the amount of funds that Bridal Veil Falls has available.

Bill Sweeney said that he has 4 short wave radio communication systems which the Company could use to establish communications between the two trains, the Heber Depot and Bridal Veil Falls.

With the dual train concept the Company can start with two runs and expand to morning and evenings when the need arises. The season would begin on Mother's Day with a weekend only operation.

Ed would spend all of his time on the advertising and soliciting charter business. With this type of scheduling it would be possible to have charters on the last run of the day, every day. Ed would go out with a sales force and sell the "HEBER CREEPER". Last year we did not have one promotion. If an aggressive sales effort was made, the ticket sales should show a large increase.

The operating costs of the dual train concept should increase about \$15,000.00 while the volume potential could be as high as 3 times what we could expect from an expansion of our original operational concept.

After the entire dual train concept was explained, there followed a lengthy discussion expressing many viewpoints. Some thought that we should continue with the same operation as last year, but stop at Dam. Others thought that we should acquire more capital or merge with another concern, perhaps one that has a winter development and share the same personnel. Most agreed the dual train idea had good potential. It would give the public what they wanted and could afford. The entire Railroad was brought about in an effort to save the community, the Company cannot afford to fail, and this concept may help to increase the cash flow thus a brighter picture. It was decided that no decision would be made at this time, but at a later date, after the board members had time to think it through.

While on vacation in Texas, Ed spoke with a large company-LARC-, interested in purchasing a railroad operation. They had the money but lacked the technical knowledge of running the Company. Jim Ritchie made the motion that Lowe and whoever he chooses speak with the firm in Texas and Bridal Veil Falls with thoughts of a possible merger and report to the board the first week in January. The motion was seconded by Gordon Mendenhall, ALL APPROVE.

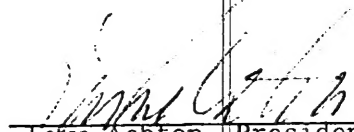
The work on the # 35 cannot begin until the engine house is completed. It will have to be torn down in order to give an accurate estimate as to the cost of repairs. Some of the minor problems can be worked on before it gets too cold. The Shay and the 2-6-2 will have to have boiler inspections before restoration on either of them will continue.

The question of stock certificates was discussed and the board decided to wait until the public stock offering or until a merger with another company before issuing the certificates. Otherwise, they would have to be called back.

Del Wallengren has exercised his option on the diner and has asked that the Company pay him the \$5,500.00. The other diner in Kansas City has a potential buyer. Del and Lowe each have about \$1500.00 invested in it and the Company \$1,000.00. Gordon Mendenhall made the motion that Del Wallengren be paid the \$5,500.00 out of the capital account for the diner now located in Heber City and that the diner in Kansas City be sold as soon as possible. Dr. J. D. Boggess seconded the motion, ALL APPROVE.

The meeting adjourned at 7:45 P.M.


Merle Giles, Secretary


Lowe Ashton, President